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Audit for an impact for the public

File Ref: F3/28

Date:30/6/2022

Secretary
Ministry of Finance and Economic Development
Bairiki, Tarawa

Cc: Project Manager (Elizabeth Copeland)

Independent Auditor's Report

To the readers of

Statistics Innovation & Capacity Building KI: PACSTAT Project Financial statements for the year ended 31 December 2021

I have audited the financial statements of the **Statistics Innovation & Capacity Building KI: PACSTAT Project** financed by **International Development Association** which comprise the Statement of Cash Receipts and Payments as of December 31, 2021, and for the year then ended, and a summary of significant accounting policies and other explanatory information.

The auditing was carried out in accordance with the Project Financing Agreement.

Management's Responsibilities

Management (Executing Agency) is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Basis of accounting and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

- I also, identify and assess the risks of material misstatement of the **Statistics Innovation & Capacity Building KI: PACSTAT Project financial statements 31 December 2021**, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Project.

Unqualified Audit Opinion

In my opinion, the **Statistics Innovation & Capacity Building KI: PACSTAT Project Financial Statements 31 December 2021** and appended notes, present fairly in all material respects, the Cash Receipts and Disbursements of the Project for the year ended December 31, 2021 in accordance with the Modified Cash Basis of accounting and that Expenditures have been applied to the purposes intended for in the Grant agreements and within the project's budget.

The audit was completed on **30 June 2022** and was the date at which my opinion was expressed.

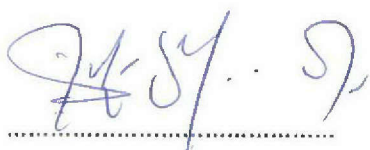
Independence

When carrying out the audit I followed the independence requirements stipulated under Section 114 (4) of the Kiribati Constitution and the requirements of the International Standards of Auditing.

Communication with those charged with governance

I communicate with the Secretary for Ministry of Finance and Economic Development and Project Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings that I identify during my audit.

30th June 2022



Mr. Eriati Tauma Manaima
Auditor General.

PA Kivaka
Feyona
7/27/16



**STATISTIC INNOVATION & CAPACITY BUILDING
KI: PACSTAT PROJECT**

**Funded by:
International Development Association - IDA**

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Government of Kiribati
Financial Statements for the Statistical Innovation & Capacity Building
(IDA Grant No. D5380)
For the Period Ended 31 December 2021

STATISTICAL INNOVATION & CAPACITY BUILDING

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Government of Kiribati
Financial Statements for the Statistical Innovation & Capacity Building
(IDA Grant No. D5380)
For the Period Ended 31 December 2021

STATISTICAL INNOVATION & CAPACITY BUILDING: KI: PACSTAT

The Financial Reports for the project for its first year of implementation ending 31 December 2021 is being presented for auditing.

In compliance with the project agreements the audit report is required to be submitted to the World Bank by 30 June 2022, and we would request your kind offices if the auditing could be completed by the due date.

All financial records for the project are held within the Kiribati Fiduciary Services Unit at the Ministry of Finance & Economic Planning.



Elizabeth Copeland
Project Manager
PACSTAT Project



for Manager, KFSU
Ministry of Finance

Date:

Government of Kiribati
Financial Statements for the Statistical Innovation & Capacity Building
(IDA Grant No. D5380)
For the Period Ended 31 December 2021

STATEMENT OF RECEIPTS AND PAYMENTS SUMMARY
For the Period Ended December 31, 2021

| Account Description | Notes | 2021 |
|-----------------------------|--------------|-------------------|
| CASH RECEIPT | | |
| Cash Receipt | 1 | 250,150.00 |
| Total Cash Receipt | | 250,150.00 |
| CASH PAYMENTS | | |
| CASH PAYMENTS | 2 | 62,426.64 |
| Total Cash payments | | 62,426.64 |
| NET CASH RECEIPTS | | 187,723.36 |
| | | |
| Payable | 3 | 12,353.51 |
| | | |
| NET CHANGE IN CASH | | 200,076.87 |
| | | |
| ENDING CASH BALANCES | | |
| Designated Account | 4 | 200,076.87 |
| | | 200,076.87 |

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For the Period Ended 31 December 2021

STATEMENT OF FUNDS RECEIVED BY SOURCE
FOR THE MONTH ENDED DECEMBER 31, 2021

Note 1

Designated Account
IDA D5380

| Date received by World Bank | WA No. | Beneficiary Name | Details | AUD Paid Amt | USD Equivalents | Ex Rate | Value Date | Equivalent Grant in SDR |
|-----------------------------|--------------|------------------|--------------|--------------|-----------------|---------|-------------|-------------------------|
| 29-Mar-2021 | W/A 00001 | PACSTAT | DA Reinstate | 250,000.00 | 190,375.00 | 1.3055 | 06-Apr-2021 | 133,991.41 |

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For Period Ended 31 December 2021

STATEMENT OF FUNDS PAID BY COMPONENT (AU\$)
For the Period Ended December 31, 2021

Note 2

| | 2021 |
|---------------------------------------|------------------|
| C2 Institutional Strengthening | 23,189.26 |
| a. Institutional review | 12,547.56 |
| e. Office facilities | 10,641.70 |
| | |
| C3 Implementaation Support | 39,237.38 |
| Project Manager | 21,499.92 |
| Project Assistant | 17,737.46 |
| | |
| Total | 62,426.64 |

Government of Kiribati
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For Period Ended 31 December 2021

| STATEMENT OF BALANCES (AUD) | |
|--|-------------|
| For the Month Ended December 31, 2021 | |
| Note 4 | |
| | 2021 |
| Designated Account Balance | 200,076.87 |
| Bank Reconciliation at 31 December 2021 | |
| Balance as per Bank Statement | 200,076.87 |

Note 3

| Other Payable | 2021 |
|----------------------|------------------|
| KPF | 5,702.03 |
| Tax | 6,651.48 |
| Total | 12,353.51 |

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Notes to the Financial Statements

BACKGROUND

The PACSTAT-K project is an International Development Association (IDA; <https://ida.worldbank.org/>) funded project that is to be implemented over the period of February 2020 to June 2025.

The context for this project is summarised as:

- i. Kiribati is one of the smallest, most remote, and most geographically dispersed countries in the world.
- ii. Not much is known about the current level of poverty in Kiribati.
- iii. Significant gender gaps exist in some social and economic indicators in Kiribati.
- iv. Data deprivation in Kiribati hinders evidence-based policy design.
- v. Public access to data is another challenge facing the country.
- vi. Data deprivation hinders Kiribati's effort to track progress on gender inequality over time and design policies to address it.
- vii. The Kiribati National Statistics Office (KNSO) lacks funding to meet the costs of data collection.
- viii. Low statistical capacity is a major challenge in addressing data deprivation.
- ix. There has been some improvement in statistical capacity over time, but there remains much room for improvement.

Given this context, the overall development objective of PACSTAT-K is to improve the quality and efficiency of welfare data collection, and accessibility to comparable welfare data in Kiribati.

OBJECTIVES

To improve the quality and efficiency of welfare data collection, and accessibility to comparable welfare data in Kiribati.

PROJECT IMPLEMENTATION & ADMINISTRATION

Under Component 3, the project will provide operational and technical assistance to Kiribati on project management and implementation. A Project Implementation Team (PIT) will be established within the KNSO under the leadership of the Republic Statistician and will consist of:

- A full-time Project Manager
- A full-time Fiduciary Assistant Project Manager
- A full-time Resident Advisor (funded by component 1)
- any other consultants as may be required.

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The full-time project manager will be responsible for, among other things, (a) preparing annual work plans and budgets, (b) carrying out all disbursements and any Financial Management (FM) and procurement-related activities in accordance with World Bank-approved procedures, (c) monitoring and evaluating project activities, (d) preparing and consolidating periodic reports, (e) coordinating with other stakeholders on issues related to the project, and (f) providing administrative support. The Fiduciary Assistant Project Manager will be responsible for clerical and administrative support in executing the FM and procurement-related activities.

Beyond the project manager and the Fiduciary Assistant Project Manager hired under the project, the KNSO will be supported by the KFSU in the fiduciary aspects of project implementation. In the initial stages of the project, the KFSU will assist the project manager in conducting his/her duties and build the capacity of PIT team members. A separate World Bank project is under development to strengthen the KFSU through the recruitment of additional staff. If and when that project becomes effective, and subject to the agreement of the World Bank, the fiduciary responsibilities of the PIT may shift to the KFSU staff, eliminating the necessity to have dedicated procurement and FM staff within the PIT.

Accounting Policy

The Financial Statements are prepared by Project under the historical cost convention and in accordance with the modified cash basis of accounting; expenditures are charged when paid except advances and payables.

Reporting Currency

The reporting currency is Australian Dollars (AU\$).

Foreign Currency

Transactions in currencies other than AU\$ are translated into AU\$ using the actual exchange rate applied by the bank (where the transactions are paid from the Designated Accounts). Where the transactions are paid directly by WB, the applicable rate is determined as follows:

- a. Payments against invoices in AU\$ are converted to AU\$1:1
- b. Payments against invoices in other currencies (for example, US\$) are converted to AU\$ based on the exchange rate as www.xe.com on the value date.

This is the first year of operation for the Project.